"In order to see what place industry occupies in the life of Taiwan and what its size is by comparison with Japan, we give below the gross value of production of industry as compared with other branches of Taiwan's economy. We give figures only since 1914 because, as has already been pointed out, data for previous years are of doubtful value. To give but one example, the official sources put the total value of industrial production (1) in 1907 at only ¥273,128; but however primitive this industry may have been it is hardly

1. Sugar and tea industries excluded.

possible that on an island with a population of three millions the gross value of industrial production should be so small.

Thus the value of industrial products increased from ¥45.7 million yen in 1914 to ¥374.9 million in 1937 and at the same time the proportion in industry rose from thirty-four per cent to forty-four per cent of the total. This rise in value is, however, to a considerable degree illusory, reflecting only the rise in prices (the index of wholesale prices prices in 1937 was almost double that of 1914), but this factor alone could not account for an eight-fold increase. Again, the part of industry, as compared, for example, with agriculture, is exaggerated here because, for farmers, who buy very little from outside, the net value of production approaches seventy and may be as high as eighty per cent of gross value, while in industry the net value, i.e. the value created in industry itself, is

very often only half the gross value of production. This suggests that even now agriculture is responsible for about two-thirds of the [91] total value product. But the fact remains that the value of industrial production has increased greatly, that its part in total production of the island has grown, and that the tendency is for industry's share to grow at the expense of agriculture."